

## Message Text

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ACTION AGRE-00

INFO OCT-01 ARA-14 ISO-00 EB-08 AF-10 EA-12 EUR-12

NEA-10 COME-00 AID-05 CIAE-00 FRB-01 INR-07

NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 PRS-01 PA-02 USIE-00 /116 W

-----029934 202038Z /72

P R 202006Z OCT 77

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 5435

AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

UNCLAS RIO DE JANEIRO 4996

DEPT PASS MCCONNELL FAS/USDA

E.O. 11652: N/A

TAGS : ETRD BR

SUBJECT : IBC REPORTED OFFERING "SPECIAL PRICES"

REF: RIO DE JANEIRO 4953

1. O GLOBO, PROMINENT RIO DAILY, REPORTED OCTOBER 20 THAT ACCORDING TO VARIOUS (UNNAMED) SOURCES THE BRAZILIAN GOVERNMENT HAS BECOME CONVINCED OF THE NECESSITY TO GET IN STEP WITH THE REALITY OF THE INTERNATIONAL COFFEE MARKET AND THE BRAZILIAN COFFEE INSTITUTE (IBC) WOULD BE DEVISING FORMULAS TO PROTECT BRAZIL'S SHARE OF THE INTERNATIONAL MARKET FROM COMPETITORS (PARTICULARLY THE AFRICANS AND CENTRAL AMERICANS). THE ARTICLE CONTINUES THAT THIS POLICY WOULD NOT MEAN A CHANGE IN THE MINIMUM EXPORT PRICE BUT RATHER MORE FLEXIBLE NEGOTIATIONS WITH CERTAIN FOREIGN BUYERS WHO HAVE SHOWN INTEREST IN BUYING BRAZILIAN COFFEE.

2. ACCORDING TO THESE SOURCES THE IBC WOULD NEGOTIATE SALES TO THESE IMPORTERS AT \$2-2.20 PER POUND OF COFFEE, \$1-1.20  
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BELOW THE MINIMUM EXPORT PRIC BUT ABOVE THE \$1.70/LB PRICE OF COLOMBIA COFFEE. CITED AS EVIDENCE WAS A CONTRACT REPORTEDLY SIGNED LAST WEEK BY THE IBC AND A FRENCH IMPORTER AND COFFEE PROCESSOR WHO USES ONLY BRAZILIAN COFFEE (THE ARTICLE DEDUCES THAT THE FRENCH FIRM IS THE RAVERDY GROUP). ALSO AFTER MEETING LAST WEEK BETWEEN IBC AND AMERICAN IMPORTERS, SANBRA A BRAZILIAN FIRM WHICH SUPPLIES A&P, BEGAN ACQUIRING COFFEE FOR EXPORT.

FOLGER'S, ALSO ACCORDING TO THESE SOURCES, HAD INFORMED ITS TRADITIONAL BRAZILIAN SUPPLIERS THAT A CONTRACT WOULD HAVE BEEN NEGOTIATED WITH THE IBC (PROVIDING FOR DISCOUNTS FROM THE \$3.20 MINIMUM EXPORT PRICE) OF \$1-1.50 PER POUND.

3. ALSO ACCORDING TO THIS PRESS REPORT, SEVERAL COFFEE TRADERS, USUALLY IN CLOSE CONTACT WITH IBC, WERE NOT SUCCESSFUL IN OBTAINING FROM IBC OFFICIALS EITHER A FORMAL DENIAL OR A CONVINCING CONFIRMATION OF THESE TRADE RUMORS.

4. IBC OFFICIALS AND TRADE REPRESENTATIVES IN RIO AND SANTOS, REFERRED TO IN PRESS ARTICLES, ARE AVOIDING TALKING TO RIO CONGEN OFFICERS TODAY.

DEXTER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
Margaret P. Grafeld  
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